

# Iowa Department of Human Services

## Offer #401-HHS-004: CHIP (Children's Health Insurance Program)—Healthy and Well Kids in Iowa (*hawk-i*) and Medicaid Expansion

Contact Information: Ann Wiebers, [awieber@dhs.state.ia.us](mailto:awieber@dhs.state.ia.us), (515) 281-6080

This offer is for:		This offer includes the following appropriations:
<b>X</b>	Status quo existing activity	CHIP, Field Operations and General Administration

### **Result(s) Addressed:**

- Exceed the Governor's goal of covering 25,000 children in 3 years

### **Program Description:**

This Offer, in combination with the department's Medical Assistance (Medicaid) Offer (401-HHS-003), supports the Governor and State Legislature's shared goal that all children in the State have health and dental coverage that meet minimum standards of quality and affordability. These Offers support initiatives to increase the enrollment of eligible children in health and dental care programs administered by the Department.

The Children's Health Insurance Program (CHIP) and the Medicaid program are the Department's primary programs to ensure that all children in the State have health and dental care coverage. The CHIP program includes both a Medicaid expansion and a separate program called Healthy and Well Kids in Iowa (*hawk-i*). The purpose of CHIP is to increase the number of children with health and dental care coverage, thereby improving their health and dental outcomes.

While this offer addresses the appropriation for CHIP and Medicaid expansion (Title XXI funding), the numerous program improvements resulting from 2009 Iowa Acts, SF 389, expand coverage for children under both CHIP/Medicaid expansion (Title XXI funds) and Medicaid (Title XIX funds). The Department has or will be implementing the following changes in SFY 2010:

- July 1, 2009:
  - Income limit for Medicaid expansion for infants increased from 200% of the Federal poverty limits (FPL) to 300%
  - Income limit for *hawk-i* increased from 200% of the Federal poverty limits to 300%
  - Lawfully residing children no longer have to meet 5-year residency requirement
- January 1, 2010:
  - *hawk-i* Supplemental Dental Only Program
  - Provide presumptive Medicaid eligibility pending a formal Medicaid or *hawk-i* eligibility determination

SF 389 also gave the Department authority to increase enrollment in the Medicaid and *hawk-i* programs through premium assistance, express lane eligibility, and simplification and alignment of the Medicaid and *hawk-i* application and renewal process. The Department is in the planning phase for these modifications.

## Who:

### Medicaid Expansion

The Medicaid expansion component provides coverage to eligible children who are:

- Age 6 through 18 whose family income is between 100 - 133% of the Federal poverty limit
- Infants whose family income is between 185 - 300% of the Federal poverty limit
- U.S. citizens or lawfully residing children
- Children and infants determined presumptively eligible by authorized entities.

15,039 children were enrolled in Medicaid expansion as of June 30, 2009.

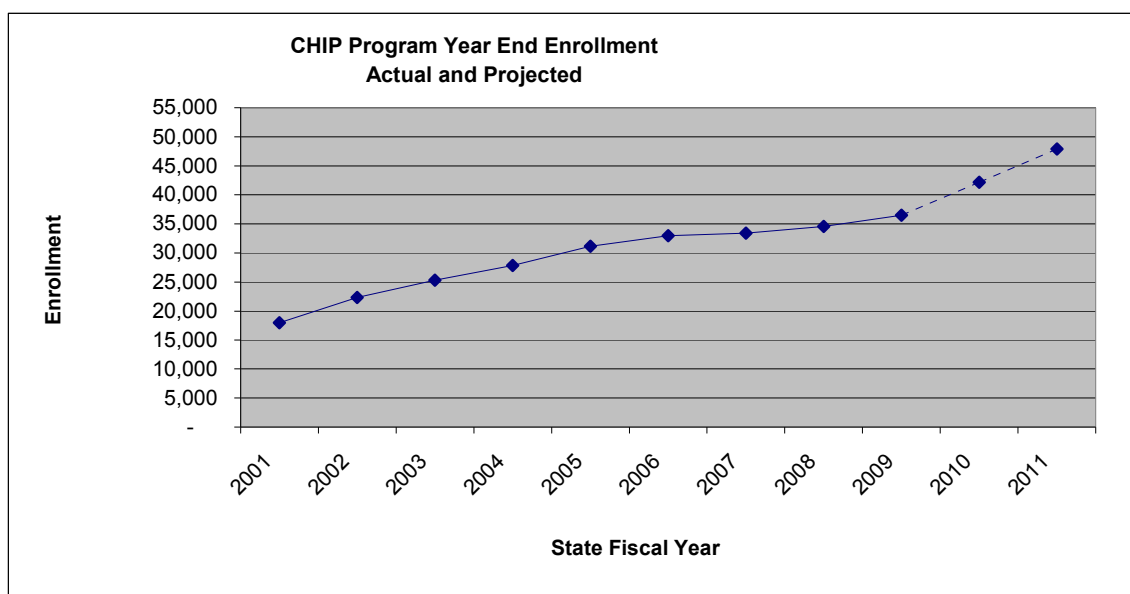
### *hawk-i* Program

The *hawk-i* program provides health and dental coverage to children whose families have too much income to qualify for Medicaid but who do not have health care coverage. Eligible children:

- Are under age 19
- Are uninsured and do not qualify for Medicaid
- Are U.S. citizens or lawfully residing children
- Live in a family whose countable income is between 133 – 300% of the Federal poverty limit – for a family of four, the maximum annual income is about \$66,150

21,444 children are projected to be enrolled in the *hawk-i* program as of June 30, 2009. (The final enrollment number is not available until September 2009.)

The following chart shows the growth in Iowa's CHIP program (both Medicaid expansion and *hawk-i*) since 2001.



**What:****Medicaid Expansion**

Children covered by Medicaid expansion receive the same services as any other child eligible for Medicaid.

Children eligible for the Medicaid expansion component can participate in a qualified employer-sponsored health plan through the Health Insurance Premium Program (HIPP) if the employer-sponsored plan is cost effective. Cost effective means that the Department has determined that it will cost the State less public funds to pay the premium for employer-based health insurance than it would to pay for the cost of medical services through the Medicaid program.

**hawk-i Program**

Children covered by **hawk-i** receive a comprehensive package of health and dental care benefits that includes coverage for physician services, hospitalization, prescription drugs, immunizations, dental, vision care and more.

**hawk-i Supplemental Dental Only Program**

The Department will expand the **hawk-i** program by adding Supplemental Dental Only coverage beginning January 1, 2010. Children covered by an individual or group health plan who are otherwise eligible for the **hawk-i** program, except that the child is not uninsured, may qualify for the **hawk-i** Supplemental Dental Only program if the child does not have dental coverage.

**How:****Service Delivery - Medicaid Expansion**

- **Covered Services:** Children covered by Medicaid expansion receive covered services through existing Medicaid provider networks. Although these children receive Medicaid covered services through Medicaid providers, this activity receives Federal funding through Title XXI, rather than Title XIX.
- **Presumptive Eligibility:** Effective January 1, 2010, children may be determined presumptively eligible for Medicaid covered services by authorized qualified entities. Qualified entities will process presumptive applications to establish income eligibility, citizenship status, insured status, previous presumptive eligibility periods, age and Iowa residency. If a child is determined presumptively eligible, the child will be enrolled in Medicaid during the presumptive period. If the declared income is within:
  - Medicaid limits (< 100% FPL), services will be funded with Title XIX;
  - Medicaid expansion (100% - 133% FPL) or **hawk-i** limits (< 300% FPL), services will be funded with Title XXI.
- **Referral to hawk-i:** Children who apply for Medicaid and who are determined ineligible, or children who lose eligibility for the Medicaid program are referred electronically to the **hawk-i** program by the county DHS worker. The data that was used to determine Medicaid ineligibility is transmitted to the **hawk-i** third party administrator (TPA) and used to determine eligibility for the **hawk-i** program.

- Funding: State expenditures for the Medicaid expansion component of the CHIP program are matched approximately 3:1 by Federal funds.

### **Service Delivery - *hawk-i* Health and Dental Program**

- Administration: The administrative functions of the *hawk-i* program are handled through a contractual arrangement with a third party administrator (TPA). The TPA is responsible for:
  - All aspects of application processing and eligibility determination.
  - Customer service, assistance with the application process, answering the public's questions.
  - Management information systems that provide automated eligibility and information storage, tracking and reporting, as well as technical support for computer equipment.
  - Billing and collecting premiums and notifying the health and dental plans of enrollment.
- Covered Services: The *hawk-i* program is designed as a commercial health and dental care model. Children in the *hawk-i* program receive covered services through providers contracted with participating health and dental plans. The health and dental plans provide insurance cards that are presented to the provider when obtaining services and the plans process all claims. Participating plans include Wellmark Health Plan of Iowa (WHPI), AmeriChoice (United Healthcare Plan of the River Valley, Inc.), and Delta Dental Plan of Iowa.
- Screening for Medicaid: Federal law requires that all children who apply for the *hawk-i* program be screened for Medicaid eligibility. If a child appears eligible for Medicaid, the application is electronically referred to the Medicaid eligibility workers who are co-located with the Department's *hawk-i* TPA for processing.
- Premiums: Monthly premiums are assessed based on family income as follows. Income is between:
  - 150% - 250% FPL - \$10 per child/ \$20 per family
  - 251% - 300% FPL - \$20 per child/\$40 per family
- Funding: State expenditures are matched approximately 3:1 by Federal funds.

### **Service Delivery - *hawk-i* Supplemental Dental Only Program**

- Covered Services: Children receive covered services through providers contracted with participating dental plans. The dental plans provide insurance cards that are presented to the provider when obtaining services and the plans process all claims. The only dental plan participating is Delta Dental Plan of Iowa.
- Premiums: Monthly premiums will be assessed based on family income as follows. Income is between:
  - 150% and 200% FPL - \$5 per child / \$10 maximum per family
  - 201% and 250% FPL - \$10 per child / \$15 maximum per family;
  - 251% and 300% FPL - \$15 per child / 20 maximum per family.
- Funding: State expenditures are matched approximately 3:1 by Federal funds.

**Note:** No premiums are assessed for either program if family income is below 150% of the Federal poverty limit or to Native American and Alaskan Native children (per Federal law).

### Increasing Enrollment: Community and Statewide Strategies

Studies show that, on average, a person must be exposed to a message seven times from multiple sources before taking action. Accordingly, the Department utilizes multiple approaches to educate families about the program and identify and enroll eligible children.

- Grassroots community-level outreach conducted through a contractual arrangement with the Iowa Department of Public Health (IDPH) is the bedrock of the Department's strategy to identify and enroll eligible children. IDPH subcontracts this activity with their Title V agencies to tailor outreach strategies that, at a minimum, includes working with schools, medical providers, the business community and faith-based organizations.
- For a more global approach, the Department contracted with ZLR Ignition to conduct an extensive media campaign to promote *hawk-i* and Medicaid. Numerous mediums including television, radio, billboards, newspapers, print ads, gas pump toppers and transit bus advertisements were used to reach Iowans at home or on the road.
- In addition, the Free and Reduced Meal Program outreach completed in partnership with the Department of Education resulted in 450 applications submitted and the Iowa Tax Refund project with the Department of Revenue produced 379 new applications in SFY 2009.

### *hawk-i* Supplemental Dental Only Program

It is estimated that approximately 50,583 children covered by individual or group health insurance do not have dental coverage. Children who have health insurance but no dental coverage and whose family income is between 133% and 300% Federal poverty limits are eligible for the *hawk-i* Supplemental Dental program. The program will be implemented January 1, 2010. Therefore,

- For SFY 2010, the Department established a goal to enroll 16,861 children in the Supplemental Dental Only program.
- SFY 2011 and SFY 2012 growth is estimated to be an additional 33,722 children.

### Quality Review

- The Department contracts with the Iowa Foundation for Medical Care (IFMC) to conduct encounter data analysis, a functional health assessment of children in the program, medical records reviews, health and dental outcome measurements and quarterly provider geo-mapping analysis. These functions are all used to measure the impact of the program on children, ensure the availability of quality health care providers, and ensure that children are receiving appropriate care according to clinical guidelines.

### **Service Support**

The following service supports are provided in this offer:

- Corporate Oversight
- Communication with State and Federal relations, response to legislative inquiries, media contacts and State agency collaboration
- Program support including policy development and implementation, administrative rules, employee manual and ensuring compliance with Federal and State requirements
- Management information systems providing automated eligibility and benefit determination benefit issuance, and information storage, tracing and reporting, as well as technical support for computer equipment
- Budget development and financial management, including but not limited to meeting Generally Accepted Accounting Principles regarding the receipt, payment and monitoring of Federal and State funds, as well as any additional State or Federal reporting requirements regarding such funds

- Training and technical assistance related to policies, procedures and management information systems
- Contract management
- Compliance with Accountable Government Act provisions and CHIPRA Reauthorization Bill of 2009
- Quality control, quality assurance, research and program improvement
- Human resources/personnel
- Forms development and maintenance
- Constituent relations including responding to complaints and questions, processing of appeals, and exceptions to policy
- Other corporate management and leadership functions:
  - Contracted services through the Iowa Department of Inspections and Appeals (DIA) to conduct hearings, eligibility investigations and recovery of overpayments.
  - Contracted legal services through the Iowa Attorney General's Office.
  - Contracted services through the Department of Public Health to do grassroots community-level outreach
  - Contracted services through Health Management Systems to identify families with insurance

### **American Recovery and Reinvestment Act Impact**

The American Recovery and Reinvestment Act of 2009 (ARRA) was implemented to help address the current national economic recession. While this Act did not increase the amount of CHIP allocations to states, the State Legislature opted to use some funds designated for government stabilization to support increased enrollment of children under Medicaid and *hawk-i*. 2009 Iowa Acts, HF 820, section 61, appropriated \$6,263,231 funding from ARRA government stabilization funds for this purpose. Of this amount:

- \$3,899,643 is designated for *hawk-i* and
- \$510,249 for supplemental dental coverage.

State savings from these ARRA funds will need to be replaced in SFY 2011 to help maintain the *hawk-i* enrollment level projected at the end of SFY 2010.

### **Offer Description:**

#### **Today's Activities and Results:**

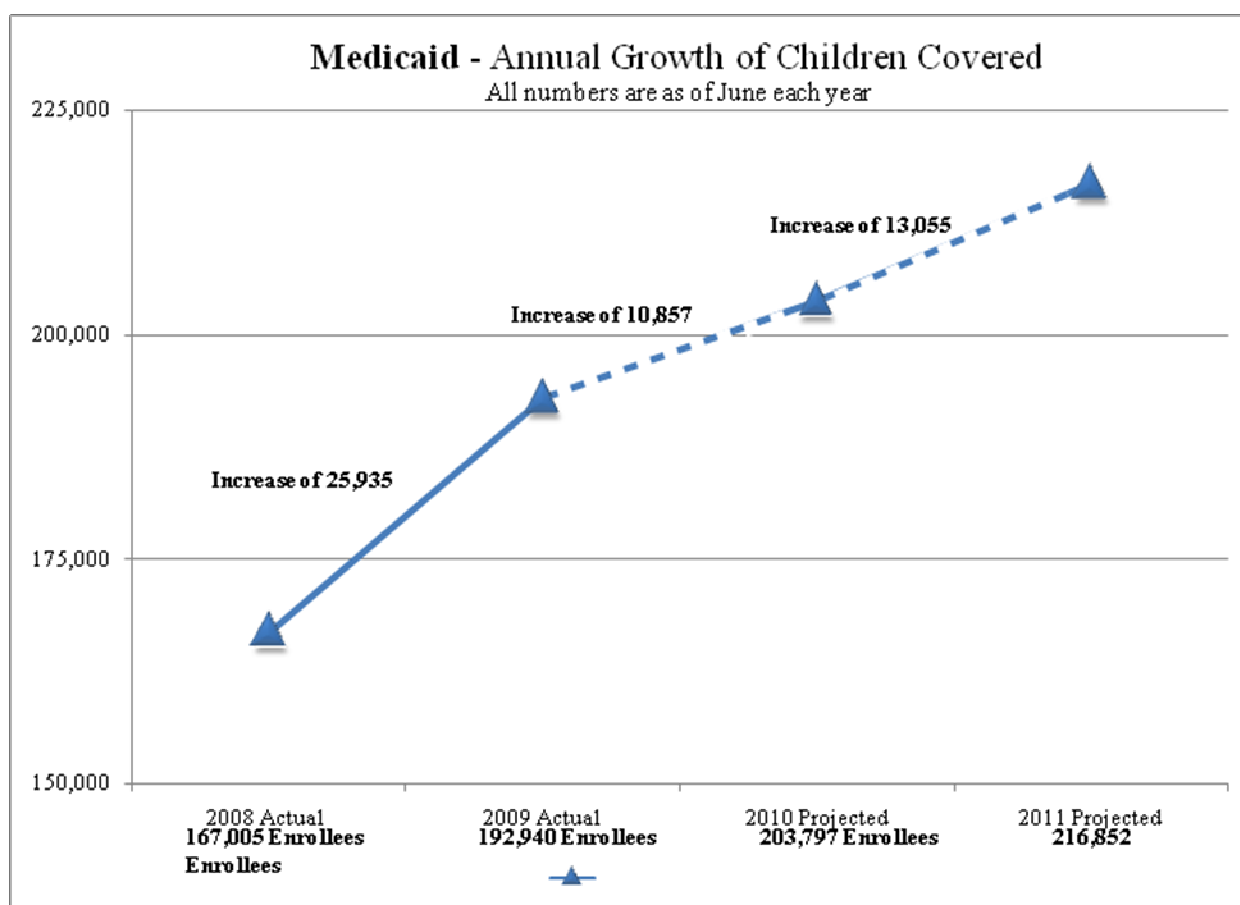
##### **Enrollment Growth:**

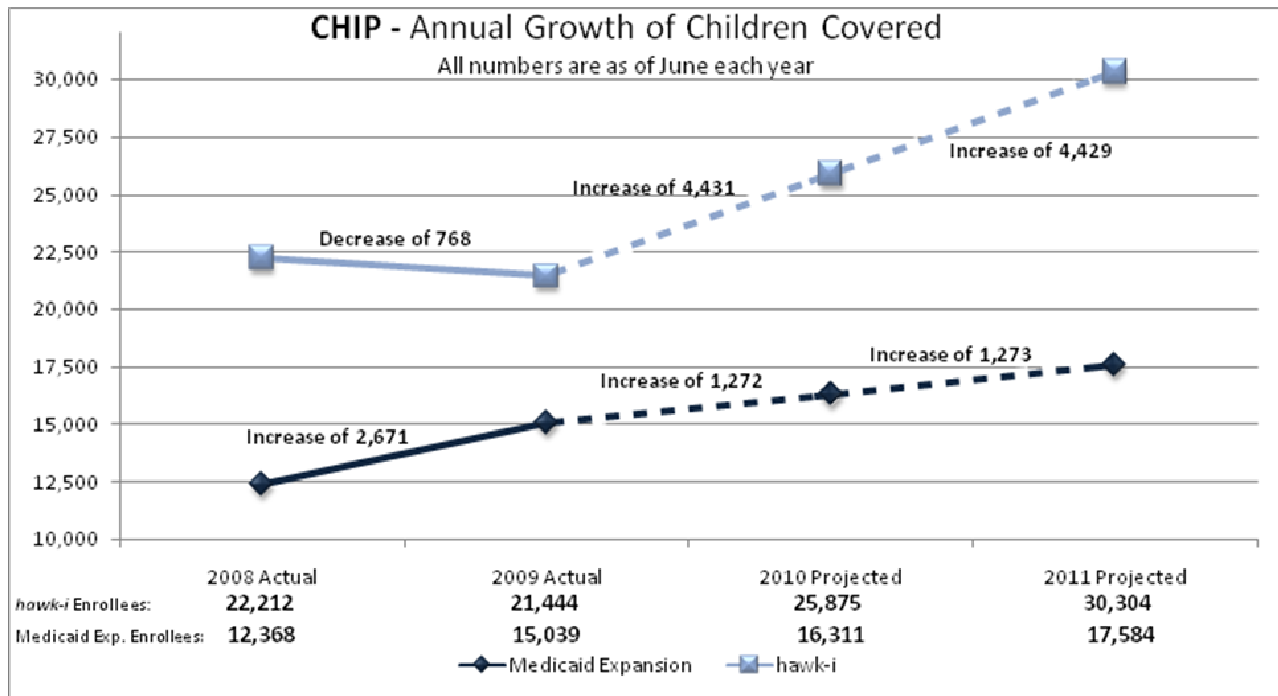
The Department's enrollment goal for SFY 2009 was to cover an additional 20,980 children. The goal was exceeded by 6,858, enrolling an additional 27,838 children.

- As experienced in SFY 2008, the distribution of the growth in enrollment was different than what was projected. At the end of SFY 2009, enrollment was:
  - 25,935 additional children were covered by regular Medicaid;
  - 2,671 additional children were covered by Medicaid expansion but there were 768 fewer children covered under the *hawk-i* program.
- Enrollment in *hawk-i* actually declined during SFY 2009 while enrollment in Medicaid far exceeded projections. A number of factors are believed to have contributed to the decrease in *hawk-i* enrollment, including:
  - The impact of implementing continuous eligibility for Medicaid which enabled children to remain eligible for Medicaid longer despite an increase in household income.

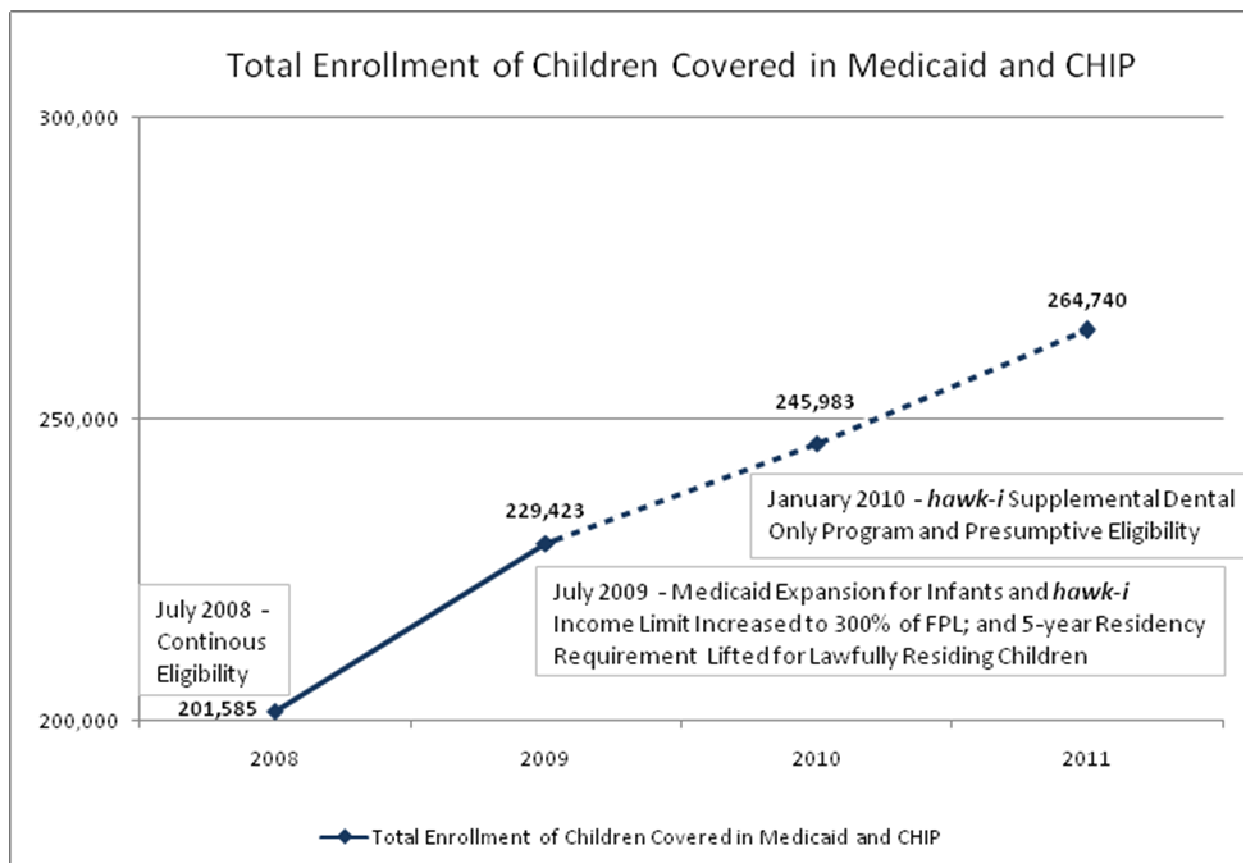
- The impact of the economic recession.
- Even though the Department anticipates significant growth in the *hawk-i* program in SFY 2010 and 2011 due to the expansion to 300% of the Federal poverty limits and other initiatives in SF 389, the greatest growth will continue in the Medicaid program due to the economic recession.
- Estimates of growth for SFY 2010 and 2011:

SFY	SFY 2010	SFY 2011	Total Growth
<b>Medicaid</b>	10,857	13,055	<b>23,912</b>
<b>Medicaid Expansion</b>	1,272	1,273	<b>2,545</b>
<b><i>hawk-i</i></b>	4,431	4,429	<b>8,860</b>
<b>Total Growth</b>	<b>16,560</b>	<b>18,757</b>	<b>35,317</b>





- Total growth from SFY 2009 to the end of SFY 2011 is projected to increase by 63,155 children. (See the following charts.)





As mentioned earlier, Iowa's Governor and legislature have demonstrated a strong commitment to provide health and dental care coverage to all uninsured Iowa children. 2009 Iowa Acts, SF 389, authorized a number of changes designed to expand enrollment under Medicaid, Medicaid expansion and *hawk-i*. HF 811 and HF 820 authorized additional funding in SFY 2010 to support this expansion.

The Department will continue a multi-pronged approach to identify and enroll eligible children including, but not limited to:

- Continue partnering with the Department of Public Health for grassroots outreach activities.
- Maintain a focused statewide media campaign.
- Partner with the Department of Education to place additional emphasis on increasing participation of schools in making referrals from the Free and Reduced Meals program.
- Partner with the Department of Revenue in identifying uninsured children through State income tax forms.

The Census Bureau issues updated estimates of the number of uninsured on an annual basis. DHS will update estimates on the number of uninsured once this data is received.

2008 Iowa Acts, chapter 1188, section 16, as amended by 2009 Iowa Acts, House File 811, section 84, proposes funding for SFY 2011 to meet the bill's purpose of enrolling additional children in Medicaid, and *hawk-i*. The proposed SFY 2011 amount exceeds the SFY 2010 appropriation by approximately \$20.6 million. The Department intends to work with legislative leadership to clarify how this funding is intended to be used.

## **Offer Justification**

### **Legal Requirements:**

#### **Federal:**

Title XXI of the Federal Social Security Act provides states with the option to design programs to provide health care coverage to targeted low-income, uninsured children and Supplemental Dental Only coverage to insured children. The Title XXI (CHIP) program is currently authorized through September 30, 2013. Federal legislation is required to continue Federal authority and funding the program beyond this date.

#### **State:**

Chapter 514I of the Code of Iowa mandates the Department of Human Services to have a CHIP program. 2009 Iowa Acts, SF 389, amended Chapter 514I in a number of ways to increase health and dental care coverage for uninsured Iowa children.

### **Rationale:**

This offer supports the provision of services to participating children and the administration of the CHIP program. Without this offer, the program will cease and the children covered by the Medicaid expansion and *hawk-i* health and dental programs will most likely become uninsured. Additionally, children covered by the Supplement Dental Only program will most likely lose dental coverage.

#### **All Iowans Have Access to Quality Care**

This program provides health care coverage to low-income children in working families. It contributes to the goal of ensuring that all Iowans have access to quality care by providing eligible children with comprehensive, preventative, and primary care services in early developmental years. Covered

services include medical (inpatient, outpatient, emergency), preventative (immunizations and well child visits), dental, vision, chiropractic services, prescription drugs, mental health and substance abuse treatment and more.

#### Improve Preventative Strategies and Health Education

Preventative strategies, clinical guidelines and health and dental education are required components of each health and dental plan's contract. From monthly newsletters to provider education, immunization and well child appointment reminders, screening and health education, and dental check-ups, the program strives to make sure that each child and family receives information necessary to make informed health and dental care-related decisions.

#### Improving the Health Care System

The *hawk-i* program has collected results-based health and dental outcome measurements since the program was implemented. Significant improvements in access to care, health status and the family environment were found as a result of providing health and dental coverage through Iowa's CHIP program.

Children with health and dental care coverage are more likely to have a "medical & dental home" in which to receive medical and dental care. This contributes to overall continuity of care and care coordination.

This program provides affordable and accessible health and dental care coverage to families with uninsured children in partnership with private insurers. For every one-dollar spent on this program, Iowa draws down three dollars in Federal funding. By providing a payment source, the amount of uncompensated care provided by hospitals and medical and dental providers is reduced. This impacts the cost that is charged to others in the form of increased cost for care and health and dental insurance premiums. The Impact on Access and Health Status report indicates that parents are significantly more likely to purchase health and dental insurance coverage for themselves once they know their children have comprehensive health and dental care coverage.

### **Results:**

#### Enrollment in the *hawk-i* and Medicaid Expansion

It is anticipated that as health and dental insurance costs continue to rise in the private market, more families will rely on public assistance programs for health and dental care coverage. It is projected that the CHIP program will continue to experience steady growth.

<b>Result:</b>	<b>SFY 2009 Actual Level</b>	<b>SFY 2010 Projected Level</b>	<b>SFY 2011 Offer Level</b>
Number of Children who are enrolled in <i>hawk-i</i>	21,444	25,875	30,304
Number of Children who are enrolled in Medicaid expansion	15,039	16,311	17,584

Total number of children who are enrolled in <i>hawk-i</i> and Medicaid expansion	36,483	42,186	47,888
---	--------	--------	--------

Total number of children who are enrolled in <i>hawk-i</i> Supplemental Dental		16,861	33,722
--	--	--------	--------

\*Projected: The number of children retroactively enrolled in the *hawk-i* program in June 2009 is not available until September 2009. An estimated 250 cases have been added to the reported June 2009 enrollment number for retroactivity.